

Message Text

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46

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 EPA-04 ARAE-00 OES-05 /027 W

----- 041364

P 211503Z MAR 75

FM AMEMBASSY CARACAS

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC PRIORITY 8098

UNCLAS SECTION 1 OF 2 CARACAS 3175

E.O. 11652: N/A

TAGS: BBSR VE

SUBJECT: GMR: AIR, WATER PURIFICATION AND POLLUTION
CONTROL EQUIPMENT

REF: A) USDOC 2740 B) USDOC 3711 C) CARACAS 2068

1. EMBASSY EFFORTS TO OBTAIN SUPPLEMENTARY INFORMATION TO STRENGTHEN THE AIR, WATER PURIFICATION AND POLLUTION CONTROL EQUIPMENT MARKET SURVEY HAVE PROVED DISAPPOINTING. IMPRESSION HAS BEEN REINFORCED THAT UNATTAINABLE EXPECTATIONS WERE PLACED ON ORIGINAL CONTRACTORS. THE RESULTS OF EFFORTS FOLLOWS IN THE ORDER INDICATED IN REF B IN CONJUNCTION WITH REF A.

2. REF. PARA 4-1: TABLES 1 AND 2. NONE OF THE APPROACHES TO PROJECT MARKET SIZE ESTIMATES PROVED FEASIBLE, AS IT WAS DISCOVERED THAT RESULTS OBTAINED WOULD BE SKETCHY AND THEREFORE PROBABLY MISLEADING. THE LACK OF RELIABLE STATISTICS, OF ANY LOGICAL PROCEDURE TO DETERMINE PERCENTAGE OF CAPITAL INVESTMENT, THE ALMOST TOTAL IGNORANCE OR RETICENCE OF A TRADE SOURCES ABOUT THEIR FUTURE SALES, ARE SOME OF THE OBSTACLES CONTRIBUTING TO THE FAILURE TO DEVELOP VIABLE ESTIMATES.

3. REF. PARA 4-C: TEN LEADING SUPPLIERS OF PPC EQUIPMENT:

A) AMERICAN AIR FILTER DE VENEZUELA, C.A.

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EDIFICIO PARSA, PLAZA LA CASTELLANA

CARACAS, VENEZUELA

PRODUCTS: AIR FILTERS AND PARTS FOR REFRIGERATION
EQUIPMENT.

SUBSIDIARY OF AMERICAN AIR FILTER INTERNATIONAL

215 CENTRAL AVENUE

LOUISVILLE, KENTUCKY 40208

B) JET FILTER C.A.

GRUPO INDUSTRIAL BERNARDINO MOSQUERA

EDIFICIO 2, CALLE 1 LA YAGUARA

CARACAS, VENEZUELA

MANUFACTURER OF AIR, GAS AND OIL FILTER

C) VENEZOLANA DE FILTROS C.A.

CALLE VILLAFLORES

ESQ. CALLE REAL DE SABANA GRANDE

CARACAS, VENEZUELA

MANUFACTURER OF FILTERS FOR INDUSTRIAL USES.

D) AGUAS INDUSTRIALES C.A.

CALLE GUAICAIPURO

QUINTA ALCANAR, CHACAO

CARACAS, VENEZUELA

MANUFACTURER OF TREATMENT PLANTS FOR POTABLE WATER,

DOMESTICS AND INDUSTRIAL WASTES, WATER SOFTENERS,

WATERCONDITIONERS FOR IRON REMOVAL, SAND FILTERS, ETC.

REPRESENTES: ASHBROOK CORP, 11600 E. HARDY ST. HOUSTON,

TEXAS 77016 (AERATORS)-CLACK CORP., WINDSOR, WISCONSIN

53598 (FILTER MEDIAS)- PRECISION CONTROL PRODUCTS CORP.,

1396 MAIN ST. WALTHAM, MASS 02154(CHEMICAL FEEDERS)-

DELTA SCIENTIFIC CORP., 120-01 E. HOFFMAN AVENUE,

LINDENHURST, NY 11757 (ANALYSIS INSTRUMENTATION)

WHOLLY OWNED BY: SUNBEAM CORP., 5400 WEST

ROOSEVELT ROAD, CHICAGO, ILLINOIS 60650

E) EQUIPOS LIQUID S.A.

EDIF. LIQUID CARBONIC

AVDA. INTERCOMUNAL DE ANTIMANO

CARACAS, VENEZUELA

MANUFACTURER AND DISTRIBUTOR FOR WATER TREATMENT

PLANTS AND COMPONENTS

SUBSIDIARY OF: LIQUID CARBONIC, DEPT. TR, 135, S. LA

SALLE STREET, CHICAGO, ILLINOIS, 60603.

F) SAVER GUINAND C.A.

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EDIFICIO SAVER GUINAND

2A CALLE NO. 34

LOS RUICES

CARACAS, VENEZUELA

DISTRIBUTOR OF WATER TREATMENT PLANTS, FILTERS, CONTROL
INSTRUMENTS, ETC.

REPRESENTS: AMERICAN AIR FILTER CO., LOUISVILLE,

KENTUCKY; THE PERMUTIT CO., PARAMUS, NEW JERSEY.

G) AGUADOR S.A.
CALLE VARGAS 12
BOLEITA
CARACAS, VENEZUELA
DISTRIBUTOR OF WATER TREATMENT PLANTS AND WATER PUMPS.
CONSULTING ENGINEERS FOR WATER TREATMENT SYSTEMS.
SUBSIDIARY OF: FLYGT AND KBI, SWEDEN.

H) LAV-EQUIP S.A.
EDIFICIO HALVE, P.B.
ESQUINA MONROY
AVDA. UNIVERSIDAD
CARACAS, VENEZUELA
DISTRIBUTOR OF LAUNDRY AND DRY CLEANING EQUIPMENT,
FILTERS AND AIR POLLUTION CONTROL EQUIPMENT.
REPRESENTES: DUSTY DUSTLESS INC. 2915 E. GENESEE ST.,
BALDWINVILLE, NEW YORK 13027

I) HIDRO-SANITER C.A.
EDIFICIO TECOTECA 2
OFICINA 5-A
AVDA. FRANCISCO DE MIRANDA
CARACAS, VENEZUELA
DISTRIBUTOR AND MANUFACTURER OF WATER TREATMENT PLANTS
AND PARTS.

J) INAVENSA S.A.
AVDA. SANTA MARIA
QUINTA CARMARY
URB. LA FLORESTA
CARACAS, VENEZUELA
MANUFACTURER OF FILTERS AND CYCLONES

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 ARAE-00 OES-05 EPA-04 /027 W

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P 211503Z MAR 75

FM AMEMBASSY CARACAS

TO USDOC WASHDC PRIORITY

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4. NONE OF THESE FIRMS WAS CAPABLE OF PRODUCING AN ESTIMATE OF HOW MUCH OF THEIR SALES WILL BE APPLIED TO ANY FORM OF POLLUTION CONTROL, CLAIMING THAT LACK OF MANDATORY REQUIREMENTS MAKES IT AN UNSTABLE MARKET WHICH DEPENDS ONLY ON THEIR CLIENTS' DESIRE TO USE PPC EQUIPMENT ON A VOLUNTARY BASIS. IT WAS IMPOSSIBLE TO DETERMINE NAMES AND DISTRIBUTORS FOR GERMAN EQUIPMENT, WHICH WAS KNOWN TO HAVE BEEN INSTALLED BEFORE AND DURING 1974 IN THE STEEL MILLS COMPLEXES. PURCHASES WERE EITHER MADE BY THE GERMAN CONSULTING ENGINEERS OR BY GOVERNMENT ORGANIZATIONS, WHICH DECLINED TO PROVIDE THE INFORMATION.

5. REF PARA 4-D, TABLE 4. ONLY STATISTICAL INFORMATION IS FROM YEARS 1968 AND 1969 AND IT DOES NOT INCLUDE MUNICIPAL WATER AND SEWAGE SECTORS. AGAIN, IT WAS DISCOVERED THAT THE COMPLETE LACK OF INFORMATION IN ALL FIELDS WOULD NOT PERMIT THE CONSTRUCTION OF RELIABLE ESTIMATES.

6. REF PARA 4-E- DETAILS ON PLANNED INVESTMENT PROJECTS IN THE FOOD PROCESSING AND PULP AND PAPER SECTORS WOULD REQUIRE A THOROUGH INVESTIGATION THAT WOULD DEMAND MUCH MORE TIME THAN AVAILABLE. WHEN CONSULTED, THE ASSOCIATION OF MANUFACTURERS OF PULP AND PAPER INDICATED IT WAS AWARE OF ONLY VAGUE INTENTIONS IN THE FIELD AND NO SPECIFIC PROJECTS.

7. REF. PARA 4-G. HIDRO-SANITER C.A. AND AGUADOR C.A. ALREADY MENTIONED ABOVE, ARE THE ONLY FIRMS THAT UNCLASSIFIED

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COULD BE IDENTIFIED AS SPECIFICALLY PROVIDING CONSULTING SERVICES IN THESE AREAS. ALL TURN-KEY INDUSTRIAL PROJECTS, USING EITHER DOMESTIC OR FOREIGN CONSULTING ENGINEERING COMPANIES, HAVE HAD THEIR PPC EQUIPMENT INTEGRATED INTO THE INSTALLATION. THE ABSENCE OF REPORTING OR PERFORMANCE REQUIREMENTS MADE IT IMPOSSIBLE TO BREAK OUT THE PPC COMPONENT. CONSULTANTS IN SUCH PROJECT HAVE DONE THE ENGINEERING AND/OR PURCHASING THEMSELVES OR BY SUBCONTRACTS, BUT THE IDENTITY OF THESE FIRMS WAS UNAVAILABLE. GOVERNMENT ORGANIZATIONS DIRECTLY INVOLVED WITH WATER SUPPLYING E.G., INSTITUTO NACIONAL DE OBRAS SANITARIAS (INOS) AND THE WATERWAYS DIVISION OF THE MINISTRY OF PUBLIC WORKS HAVE THEIR OWN CAPABLY STAFFED OFFICES FOR ENGINEERING STUDIES. BETWEEN THEM, THEY ARE RESPONSIBLE FOR ABOUT 90PCT OF THE WATER SUPPLY THROUGHOUT VENEZUELA. THEY HAVE NEVER BEEN KNOWN TO CONTRACT AN OUTSIDE CONSULTING ENGINEER FIRM.

8. REF. PARA 4-HM GOVERNMENT PRACTICES WITH RESPECT

TO SYSTEMS DESIGN AND EQUIPMENT PROCUREMENT. SYSTEMS DESIGNS CAN BE FOUND ONLY WHEN RELATED TO WATER SUPPLY AND TREATMENT, WHICH HAVE TO FOLLOW THE SPECIFICATIONS GIVEN BY THE ENGINEERING DEPARTMENT OF INOS. IN ALL OTHER CASES, THE REQUIREMENTS ARE GIVEN IN THE SPECIFICATIONS FOR A GIVEN PROJECT OR IN THE FINAL BID. EQUIPMENT PROCUREMENT IS REGULATED BY LAW, WHICH STIPULATES A MINIMUM OF THREE BIDDERS, APPROVAL BY THE COMPTROLLER GENERAL OF THE BIDDERS AND THE TECHNICAL SUGGESTIONS MADE BY THE PURCHASING ORGANIZATION. VENEZUELA HAS NO CENTRALIZED PURCHASING ORGANIZATION, BUT EACH GOVERNMENT ENTITY CONDUCTS ITS OWN BUYING.

9. REF PARA 4-I. DESCRIPTION OF SPECIFIC PRODUCTS MANUFACTURED BY US AFFILIATES ARE GIVEN IN PARAGRAPH 3 ABOVE.

10. REF. PARA 4-J. TO THIS DATE, FIVE DIFFERENT ENVIRONMENTAL PROTECTION AND CONTAMINATION BILLS HAVE BEEN PREPARED BY VARIOUS POLITICAL PARTIES FOR EVENTUAL CONGRESSIONAL CONSIDERATION. IT MUST BE EMPHASIZED THAT AT THIS TIME NONE HAS BEEN INTRODUCED TO CONGRESS, AND NONE HAS BEEN PUBLICLY DEBATED, EXCEPTING THAT ONE PREPARED BY UNCLASSIFIED

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THE PREVIOUS GOVERNMENT IN 1973 WHICH WAS REPORTED IN OUR A-389 DATED SEPTEMBER 1973. THERE HAS BEEN LITTLE PARTICIPATION BY QUALIFIED ORGANIZATION AND TECHNICIANS IN THE PREPARATION OF THESE PROPOSALS. TECHNICAL CIRCLES ARE UNDERSTANDABLE SKEPTICAL ABOUT THE PROPOSALS UNSEFULNESS. IT IS NOW THOUGHT LIKELY THAT A NEW PROPOSAL WILL BE PREPARED BY THE PRESENT ADMINISTRATION WITH THE PARTICIPATION OF TECHNICAL ORGANIZATIONS AND PRIVATE INDUSTRY. AS LONG AS THERE IS NO LEGISLATION IN THIS FIELD, THE SITUATION WITH REGARD TO ENVIRONMENTAL PROTECTION WILL INEVITABLY REMAIN CHAOTIC.

11. THE EMBASSY WOULD LIKE TO REITERATE ITS BELIEF THAT THE SURVEY PREPARED BY CONTRACTOR VEMEX WAS A GENUINE EFFORT TO PRODUCE A STUDY OF THE SITUATION. IT IS AGREED THAT IT IS NOT A MARKET SURVEY, BUT AT LEAST IT PROVIDES AN INFORMATIVE DOCUMENTS WHICH IN MANY WAYS COULD PROVE VALUABLE FOR THE PROMOTION OF PPC EQUIPMENT. EMBASSY CONSIDERS THAT IT HAS BEEN PROVED CLEARLY THROUGH ALL THE PROBLEMS ENCOUNTERED THAT VENEZUELA IS A VIRGIN MARKET IN THIS FIELD WHERE MUCH REMAINS TO BE DONE. PERHAPS SOME OF THE DATA GENERATED IN THE RESEARCH SHOULD BE INCLUDED IN A GMS TO PRESENT THIS FACT TO US MANUFACTURERS. THESE REASONS, AND OTHERS, LEAD THE EMBASSY TO FEEL THAT VEMEX SHOULD RECEIVE FULL CONTRACTED AMOUNT. FAILURE TO MAKE FULL PAYMENT WOULD REPRESENT A FINANCIAL LOSS

TO THE COMPANY THAT DEDICATED TIME OF QUALIFIED
PROFESSIONALS TO A COMMITMENT THAT PERHAPS THE EMBASSY
WOULD NOT HAVE ACCEPTED IF CONDITONS OF THE MARKET HAD BEEN
ADEQUATELY UNDERSTOOD.
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